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NSC BRIEFING

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## YUGOSLAVIA'S RELATIONS WITH THE BLOC

- I. Recent actions by Belgrade show that, in contrast to previous attitude, it now prepared to take initiative against bloc in replying to anti-Yugoslav attacks.
  - A. Usual hostile relations with Albania have recently degenerated into unusually tense situation, with acrimonious exchange of notes and charges.
    1. Both countries have exchanged large number of official protest notes since end of January, and Belgrade suddenly decided to publicize recent trials and sentencing of 13 Albanians accused of espionage against Yugoslavia.
      - a. This represents significant change since January, when Belgrade cancelled public trial of 25 Yugoslav "cominformists," fearing effect on bloc relations.
    2. Tito, speaking in Skoplje on 6 March, called Albanian party chief Enver Hoxha, a "warmongering...new Goebbels in the Balkans." The following day, in Belgrade, Tito threatened to place Albanian and Bulgarian "irridentist" attacks before the United Nations.
    3. Tito also expressed his determination to answer bloc charges in future blow for blow, making clear there could be no understanding with bloc as long as Moscow permitted such actions to take place.
  - B. On 14 March Belgrade announced recall of Yugoslav minister to Albania and his assignment to other duties.

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1. Albania will ~~SECRET~~ retaliate in kind, but neither side country likely to initiate a full break in relations.
  - a. A similar "freeze" in relations with Red China last summer did not result in break.

C. Belgrade's actions probably presage further worsening in relations with bloc, especially with Albania and Bulgaria, with whom polemics also acrimonious.

II. Fundamental ideological cleavage between Belgrade and bloc continues with no visible prospect of reconciliation.

A. Yugoslavs read out of Communist camp April 1958, but continue to insist Marxism-Leninism being correctly interpreted in Yugoslavia.

1. Belgrade considers basic cause of dispute not ideological, but result Yugoslav refusal permit Soviet domination: points out that bloc countries in fact following certain examples from Yugoslavia's internal practice.
2. Tito on 7 March said he believed dispute not theoretical, but result "differences of opinion on certain issues which practice of socialist development has raised" both in bloc and in Yugoslavia.

B. Despite Soviet claims at 21st Party Congress that revisionism "smashed," Moscow still obviously concerned over Yugoslav theory as divisive influence in bloc and because of sympathy engendered in Africa and Asia.

1. In order discredit Yugoslav theory in bloc, bloc belittles Yugoslav internal achievements.

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2. In order discredit Yugoslav theory in uncommitted areas recently visited by Tito (Indonesia, Burma, Ceylon, India, Ethiopia, Sudan, UAR), bloc claims Yugoslavs "imperialist agents."

a. This contradicts Khrushchev's declared aim in his opening speech at Congress to cooperate with Yugoslavs in "struggle against imperialism" wherever bloc and Yugoslav interests coincide.

III. Since beginning of dispute, party differences have inevitably overflowed into state relations, as illustrated by current Yugoslav-Albanian difficulty.

A. Relations with Peking virtually suspended since last summer.

B. Only country which retains some rapport with Belgrade is Poland: close economic, cultural, scientific exchanges with Warsaw continue.

C. Although economic credits to Yugoslavia cut off by USSR, East Germany, Czechoslovakia, Moscow is hesitant to initiate economic blockade, since ineffectual last time and would arouse sympathy for Belgrade in Asia and Africa.

1. All bloc countries except China and Rumania have concluded 1959 trade agreements with Yugoslavia.

a. Soviet agreement represents 20 percent cutback over 1958, and lowest trade level since 1956.

2. If these 1959 trade agreements implemented, Yugoslavia's trade position with East not heavily affected. But bloc's policy is to keep Belgrade guessing about deliveries.

D. Nevertheless, out of fear of threatened loss Bloc markets, Yugoslavs have been casting about for alternatives.

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1. Aid from US continues at high level--for fiscal year 1959:
  - 22.5 million dollars for fertilizer plant (Pancevo),
  - 5 million dollars for diesel engines
  - 14.2 million dollars for health, education, agriculture
  - 69.2 million dollars for general economic development.
  - a. Some from Britain
    - 3 million pounds (agricultural and other equipment)
  - b. France has indicated increased interest in the question.
2. Belgrade's main effort recently has been to develop new markets and sources for raw materials in Asia and Africa.
  - a. Tito during tour obtained agreements in principle to improve economic ties from most countries he visited (Indonesia, Burma, Ceylon, India, Ethiopia, Sudan, UAR). This promises to be very fruitful area for Yugoslavs despite competition from bloc countries.

IV. Despite this current worsening in relations with bloc, Belgrade shows determination not to become too closely tied with West. Yugoslavia to preserve its policy of non-alignment.

- A. On Tito's return to Yugoslavia he forcefully denied bloc charges made during trip that he was attempting to create a "third bloc" or attempting to revive the Balkan Pact with Greece and Turkey, which Khrushchev said tied Yugoslavia to NATO.
  1. The Balkan Pact was played down during his talks with Karamanlis.
  2. Official Yugoslav spokesman on 13 March attacked Turkish press for "distortions" about Yugoslavia, probably to emphasize fact that Yugoslavia not reviving Balkan Pact.

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